

Message Text

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21

ORIGIN EB-07

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS

INFO USMISSION EC BRUSSELS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY LONDON

AMEMBASSY ROME

USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS:

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SUBJECT: FRENCH REQUEST FOR COGNAC TALKS

REFS: A) PARIS 15667; B) EC BRUSSELS 5463; C) PARIS 16159

1. EMBASSY IS REQUESTED TO INFORM GOF THAT THE UNITED STATES WILL MEET WITH FRENCH REPRESENTATIVES IN WASHINGTON AT A MUTUALLY CONVENIENT TIME TO DISCUSS THE COGNAC MARKET SITUATION AND TO RECEIVE INFORMATION FROM THE GOF ON COGNAC PRICES. FYI: WE CONSIDER, HOWEVER, THAT WE HAVE NO OBLIGATION TO CHANGE THE PRICE-BREAK IN LINE WITH ANY DEMONSTRATED INCREASE IN FRENCH COGNAC PRICES. END FYI.

2. IN CONVEYING OUR WILLINGNESS TO DISCUSS THIS ISSUE, THE EMBASSY SHOULD AVOID ANY IMPLICATION THAT THIS PORTENDS ANY WILLINGNESS TO INCREASE THE PRICE BREAK BEYOND THE CURRENT LEVEL. AS THE FRENCH ARE NO DOUBT AWARE, OUR ORIGINAL UNILATERAL DECISION TO INCREASE THE PRICE BREAK WAS TAKEN AS AN INITIAL STEP IN ORDER TO FACILITATE THE RESOLUTION OF OUTSTANDING TRADE ISSUES BETWEEN THE US AND THE EC. PRESIDENTIAL PROCLAMATION 4304 OF JULY 18, 1974, WHICH RAISED THE PRICE BREAK IS CLEAR ON THIS POINT-- "... IN ORDER TO ENCOURAGE THE RESOLUTION OF OUTSTANDING TRADE DISPUTES BETWEEN THE UNITED STATES AND THE EEC, INCLUDING REMOVAL OF UNREASONABLE IMPORT RESTRICTIONS ON POULTRY FROM THE UNITED STATES MAINTAINED BY THE EEC." ALTHOUGH WE ARE MAKING NO EXPLICIT LINK BETWEEN FURTHER ACTION ON COGNAC AND ANY ONE OF THE OUTSTANDING TRADE ISSUES REFERRED TO IN THE PROCLAMATION, IT IS A FACT THAT THERE HAS BEEN NO MOVEMENT ON THE PART OF THE EC TOWARD RESOLUTION SINCE THAT TIME. THERE HAS INSTEAD BEEN RETROGRESSION, AS CONDITIONS FOR ACCESS FOR US POULTRY HAVE DETERIORATED SIGNIFICANTLY. ANY FURTHER CONCESSION ON OUR PART WITHOUT MOVEMENT ON THE PART OF THE EC IS NOT POLITICALLY POSSIBLE UNDER THESE CONDITIONS. FYI: A POSITIVE RESPONSE FROM THE COMMISSION TO THE TECHNICAL REQUESTS ON TURKEY PARTS WE MADE TO THEM LAST FEBRUARY WOULD NOT BE SUFFICIENT IN AND OF ITSELF FOR US TO CHANGE THE PRICE BREAK. HOWEVER, A FAVORABLE RESPONSE WOULD IMPROVE THE ATMOSPHERE FOR THESE LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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DISCUSSIONS. IN ORDER TO CONSIDER INCREASING THE PRICE BREAK, WE WOULD REQUIRE BEYOND MINOR TECHNICAL CHANGES IN THE TURKEY CAP A REDUCTION IN THE LEVEL OF EC PROTECTION ON TURKEYS AND TURKEY PARTS TO THE POINT THAT US EXPORTS OF THESE ITEMS COULD COMPETE EFFECTIVELY IN THE EC MARKET. END FYI.

3. WE REJECT ANY CONNECTION BETWEEN CANNED FRUIT AND COGNAC (REF C). THE REMOVAL BY FRANCE OF QR'S ON CANNED FRUIT IS A LONG-STANDING OBLIGATION STRICTLY RELATED TO OUR GATT ARTICLE XXIII ACTION AGAINST FRENCH QR'S. WE EXPECT THE GOF TO PROVIDE ACCESS FOR US CANNED FRUIT TO THE FRENCH MARKET IN ACCORDANCE WITH THE UNDER-

STANDING REACHED IN MAY, 1973, IN WHICH WE AGREED TO RE-
FRAIN FROM EXERCISING OUR GATT RIGHTS WITH RESPECT TO
THESE PRODUCTS. INGERSOLL

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BONN
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DUBLIN
THE HAGUE

LUXEMBOURG
LONDON
ROME
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